

JOE WARDY
MAYOR



CITY COUNCIL

SUSAN AUSTIN
DISTRICT NO. 1

ROBERT A. CUSHING, JR.
DISTRICT NO. 2

JOSE ALEXANDRO LOZANO
DISTRICT NO. 3

JOHN COOK
DISTRICT NO. 4

DANIEL S. POWER
DISTRICT NO. 5

PAUL J. ESCOBAR
DISTRICT NO. 6

VIVIAN ROJAS
DISTRICT NO. 7

ANTHONY COBOS
DISTRICT NO. 8

To: Mayor Joe Wardy
Jim A. Martinez, Chief Administrative Officer

Through: William A. Chapman, Chief Financial Officer
Carmen Arrieta-Candelaria, Comptroller

From: Blanca B. Lorkowski, Treasury Services Manager
Robert E. Blackwood, Financial Reporting Manager

Date: June 9, 2004

Subject: Quarterly Investment Report for the Period Ending May 31, 2004

Submitted for your review and acceptance is the City of El Paso third quarter investment report including documentation of investments held and evaluation of investment performance. The investment officers have complied with the Public Funds Investment Act, the City's Investment Policy, and adopted Investment Strategies. All funds were invested to meet cash flow requirements for operations, capital projects, and debt service payments.

During this quarter, the City bid no investments. The investments were made to satisfy portfolio diversity requirements. The remaining cash available was placed into investment pools in order to take advantage of superior yields in the pools compared to the yields of investments currently available. The four investment pools used by the City – TexStar, TexPool, Logic, and MBIA – yielded 1.028% for the quarter ended May 31, 2004.

The following is a summary comparison of selected information as of February 29, 2004 and May 31, 2004:

| | May 31, 2004 | February 29, 2004 |
|---------------------------|------------------|-------------------|
| Principal Invested | \$188,512,000.99 | \$227,822,084.06 |
| Portfolio Book Value | \$188,524,000.67 | \$227,835,670.41 |
| Portfolio Fair Value | \$188,550,275.99 | \$227,857,859.06 |
| Weighted Average Maturity | 13 Days | 20 Days |

The yields on portfolio investments and representative market securities are:

| | May 31, 2004 |
|------------------------------|--------------|
| Investment Pools | 1.028% |
| Average 3-month T-bill Rate | 1.050% |
| Average 6-month T-bill Rate | 1.375% |
| Average 6-month CD Rate | 1.550% |
| City Average Portfolio Yield | 1.049% |

A stylized, handwritten signature that appears to read "El Paso" in a cursive script.

COMPTROLLER DEPARTMENT

Two Civic Center Plaza • El Paso, Texas 79901-1196 • (915) 541-4435 • FAX (915) 541-4446

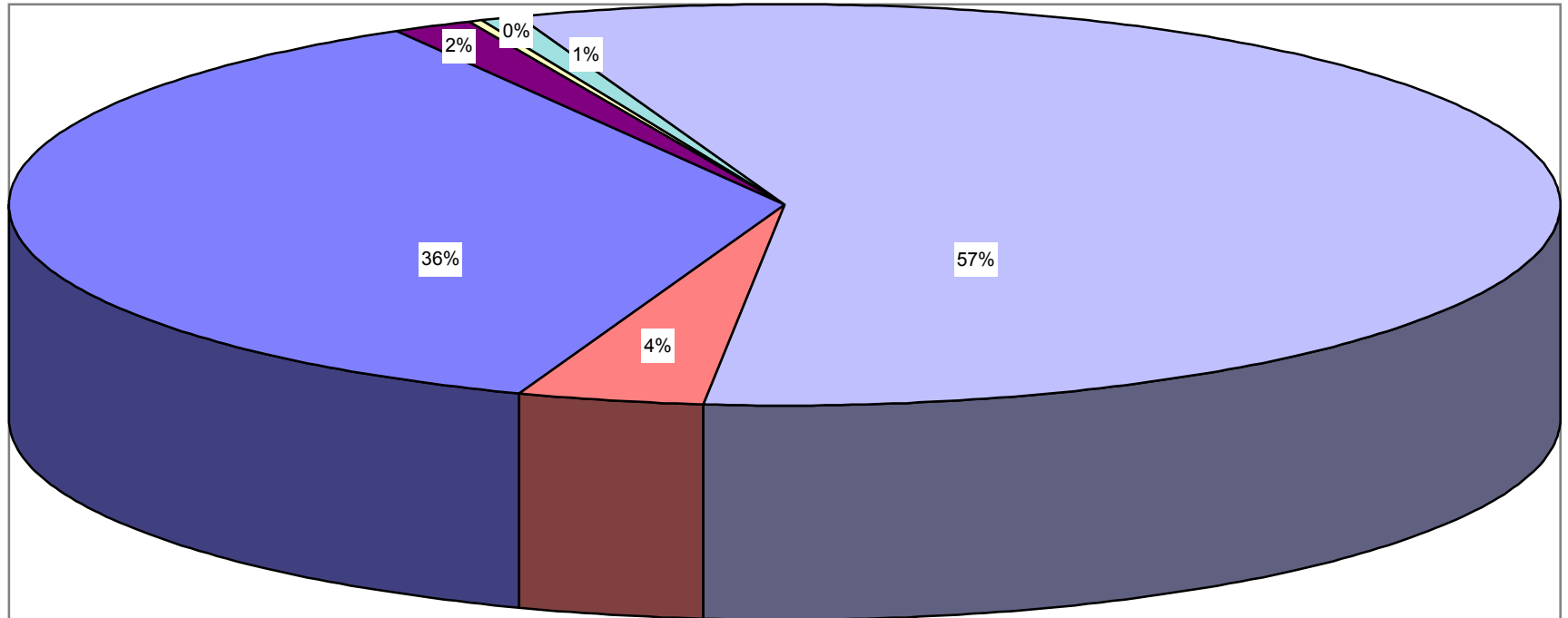
Attached are additional charts and tables portraying the City's portfolio and summarized reports of portfolio position required by the Texas Public Funds Investment Act.

The change in the average portfolio yield for the quarter was 3 basis points lower at the end of quarter compared to the beginning of the quarter. This decrease is due to the fact that a callable security with a relatively high interest was called. This resulted in a yield for the quarter that is commensurate with the yield that would be expected of a 3-month T-bill.

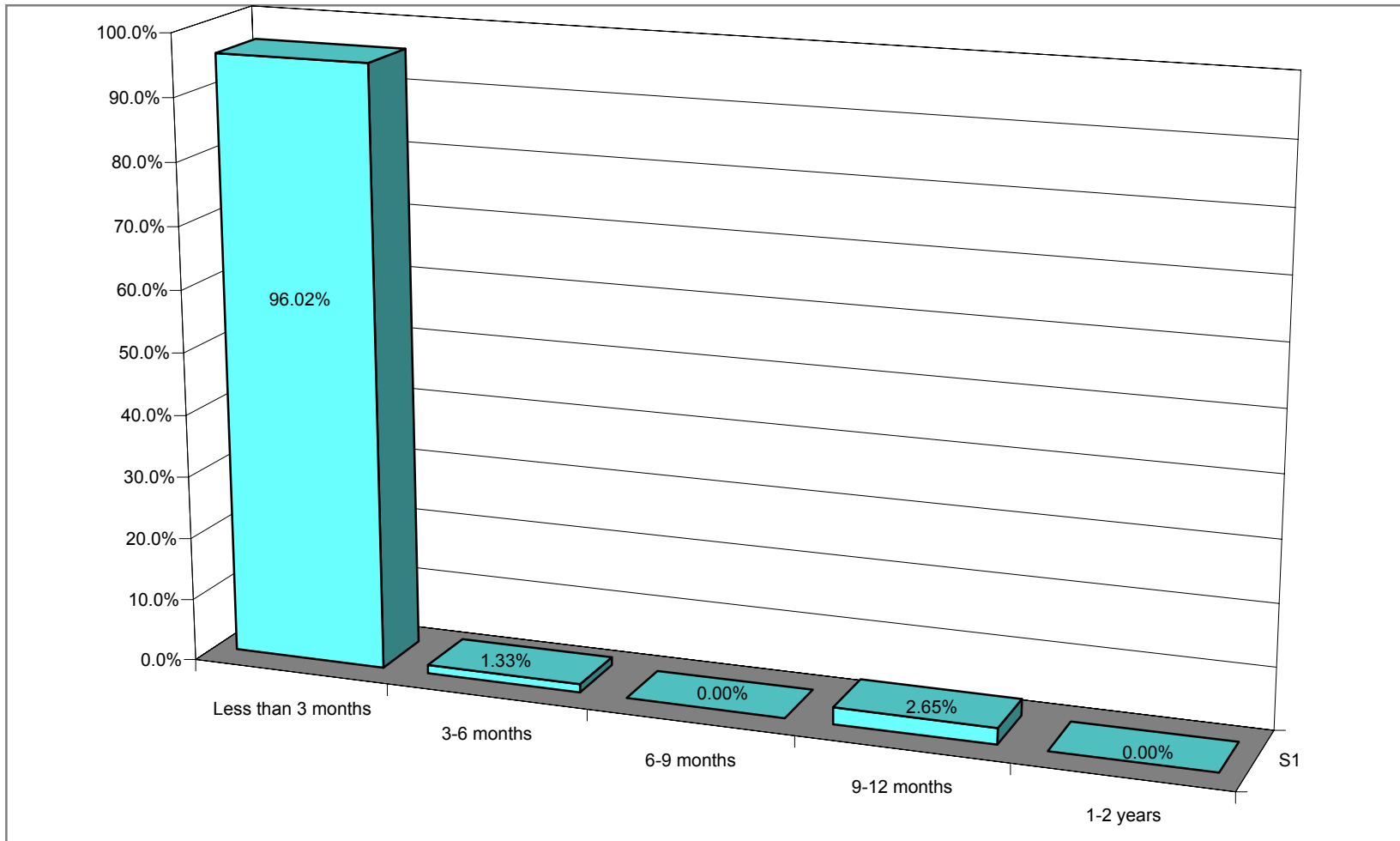
ATTACHMENTS:

- Chart - City Portfolio by Investment Type
- Chart - Portfolio Maturity
- Chart - Treasury Benchmark Yield Analysis
- Chart - Portfolio Performance Comparison
- Report - Total Return
- Report - Texas Compliance Summary
- Report - Texas Compliance Details

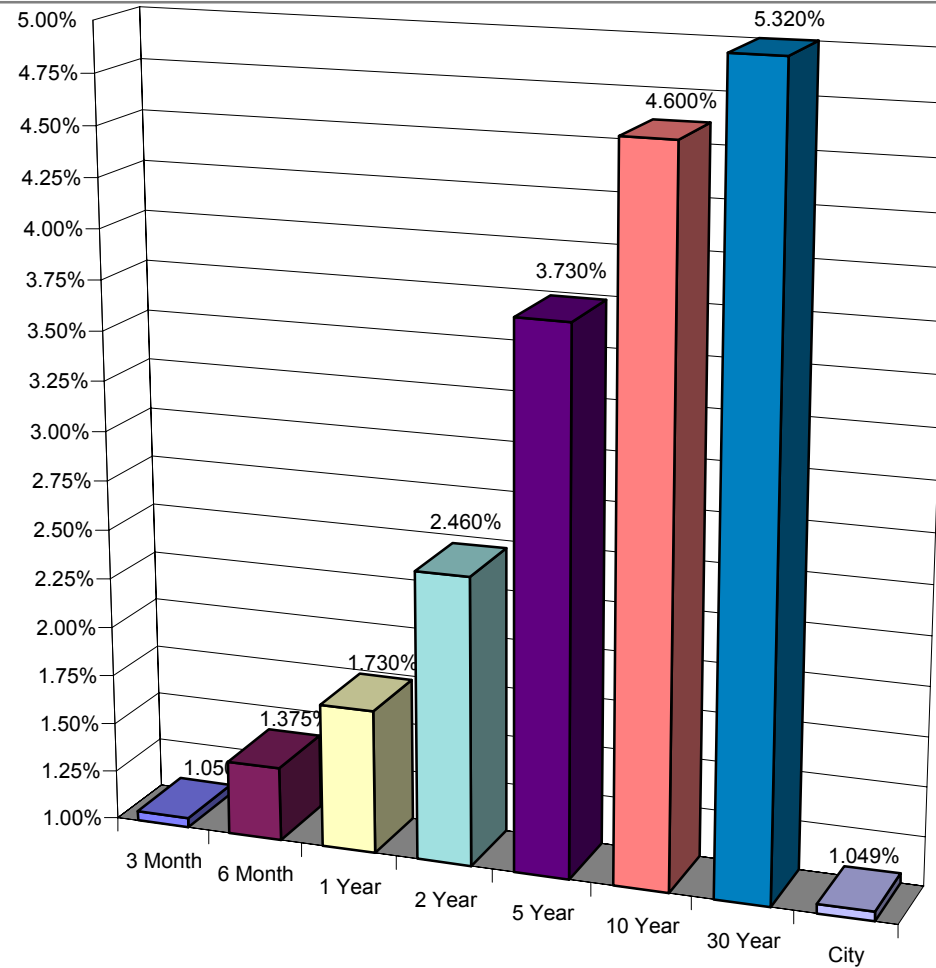
**City Portfolio by Investment Type
As of May 31, 2004**



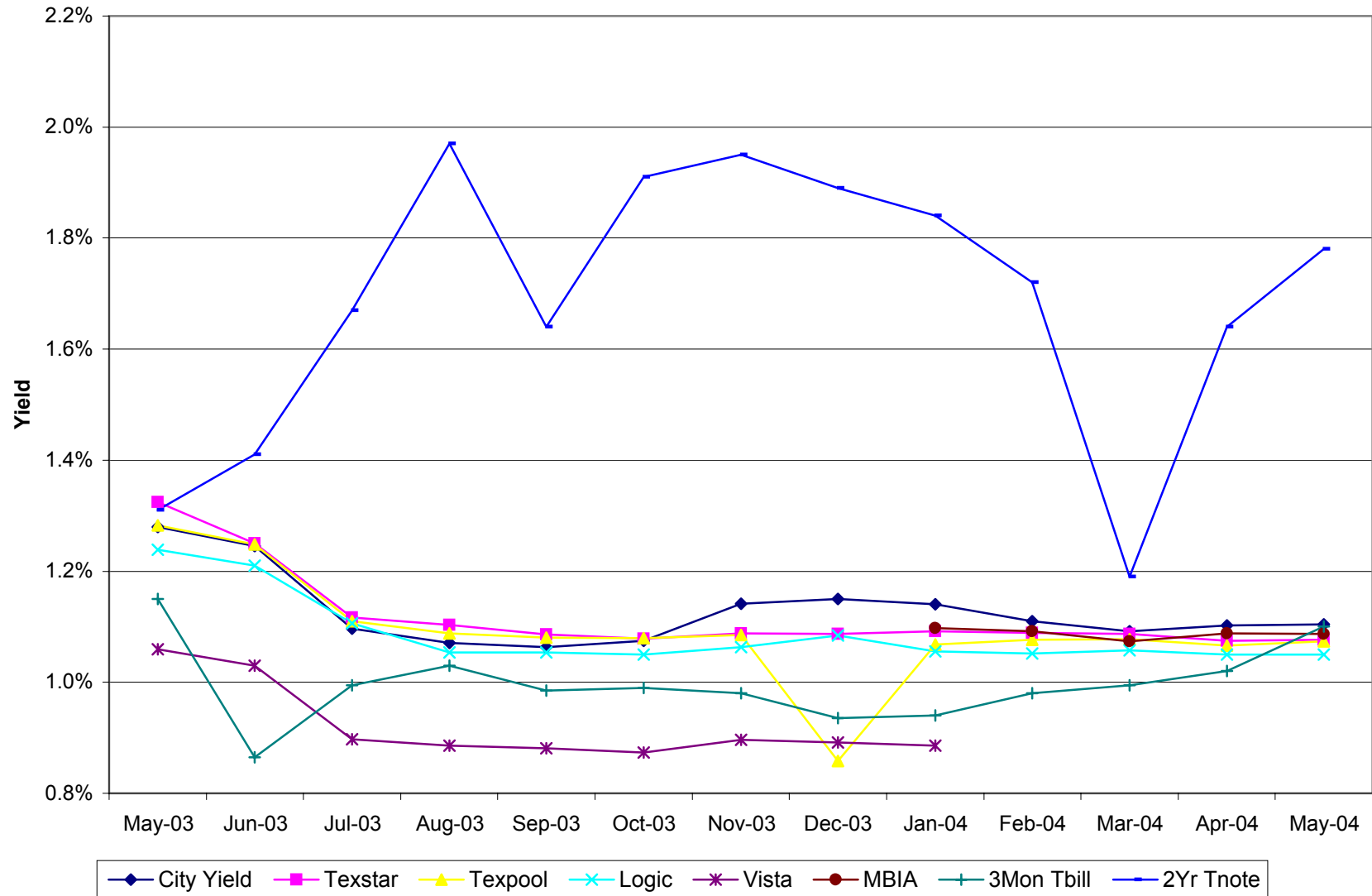
**Portfolio Maturity
As of May 31, 2004**



Treasury Benchmark Yield Analysis
As of May 31, 2004



Portfolio Performance Comparison for the Period May 2003 through May 2004





City_of_El_Paso_2004
Total Return
March 1, 2004 - May 31, 2004
Yield on Time Weighted Value

City of El Paso

| CUSIP | Investment # | Fund | Investment Class | Beginning Invested Value | Time Weighted Invested Value | Ending Invested Value | Maturity Date | Current Rate | Total Return | Investment Income | | |
|--|--------------|------|------------------|--------------------------|------------------------------|-----------------------|---------------|--------------|--------------|-------------------|---------------------|-----------------------|
| | | | | | | | | | | Interest Earned | Adjustment in Value | Net Investment Income |
| Issuer: Federal Home Loan Bank | | | | | | | | | | | | |
| 3134A4TR5 | 515000039 | 01 | Amortized | 5,007,676.71 | 5,007,676.71 | 5,006,084.76 | 05/15/2005 | 1.750 | 1.607 | 21,875.00 | -1,591.95 | 20,283.05 |
| | | | Subtotal | 5,007,676.71 | 5,007,676.71 | 5,006,084.76 | | | 1.607 | 21,875.00 | -1,591.95 | 20,283.05 |
| Issuer: Federal National Mortgage Assn | | | | | | | | | | | | |
| 31359MQJ5 | 515000041 | 01 | Amortized | 2,508,658.95 | 2,508,658.95 | 2,505,914.92 | 12/15/2004 | 1.865 | 1.409 | 11,656.25 | -2,744.03 | 8,912.22 |
| 313588VG7 | 515000040 | 01 | Amortized | 2,497,250.69 | 1,004,329.08 | 0.00 | 04/07/2004 | 1.070 | 1.086 | 0.00 | 2,749.31 | 2,749.31 |
| | | | Subtotal | 5,005,909.64 | 3,512,988.03 | 2,505,914.92 | | | 1.317 | 11,656.25 | 5.28 | 11,661.53 |
| Issuer: Logic Investment Pool | | | | | | | | | | | | |
| 746000749 | 5010000007 | 01 | Amortized | 267,372.72 | 267,811.46 | 268,034.28 | | 0.999 | 1.002 | 676.23 | 0.00 | 676.23 |
| | 5010000008 | 01 | Amortized | 0.00 | 0.00 | 0.00 | | | | 0.00 | 0.00 | 0.00 |
| | | | Subtotal | 267,372.72 | 267,811.46 | 268,034.28 | | | 1.002 | 676.23 | 0.00 | 676.23 |
| Issuer: MUNICIPAL INVESTORS SVC CORP. | | | | | | | | | | | | |
| TX0103050001 | 501000007 | 01 | Amortized | 82,504,250.02 | 73,825,148.97 | 68,199,054.65 | | 1.037 | 1.030 | 191,749.72 | 0.00 | 191,749.72 |
| | | | Subtotal | 82,504,250.02 | 73,825,148.97 | 68,199,054.65 | | | 1.030 | 191,749.72 | 0.00 | 191,749.72 |
| Issuer: TEXPOOL Investment Pool | | | | | | | | | | | | |
| 071031111000 | 5020000007 | 01 | Amortized | 2,998,632.93 | 2,416,635.83 | 1,506,000.70 | | 1.017 | 1.023 | 6,230.68 | 0.00 | 6,230.68 |
| | | | Subtotal | 2,998,632.93 | 2,416,635.83 | 1,506,000.70 | | | 1.023 | 6,230.68 | 0.00 | 6,230.68 |
| Issuer: Texstar | | | | | | | | | | | | |
| 746000749 | 5030000007 | 01 | Amortized | 129,974,678.96 | 125,277,645.17 | 107,802,013.55 | | 1.026 | 1.030 | 325,282.67 | 0.00 | 325,282.67 |
| | | | Subtotal | 129,974,678.96 | 125,277,645.17 | 107,802,013.55 | | | 1.030 | 325,282.67 | 0.00 | 325,282.67 |
| Issuer: Vista Investment Pool | | | | | | | | | | | | |
| 608352 | 5060000007 | 01 | Amortized | 0.00 | 0.00 | 0.00 | | 0.836 | | 0.00 | 0.00 | 0.00 |
| 332150 | 5060000008 | 02 | Amortized | 1,985,234.41 | 2,613,062.01 | 3,236,897.81 | | 0.832 | 0.828 | 5,453.20 | 0.00 | 5,453.20 |
| | | | Subtotal | 1,985,234.41 | 2,613,062.01 | 3,236,897.81 | | | 0.828 | 5,453.20 | 0.00 | 5,453.20 |

City_of_El_Paso_2004
Total Return
March 1, 2004 - May 31, 2004

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| CUSIP | Investment # | Fund | Investment Class | Beginning Invested Value | Time Weighted Invested Value | Ending Invested Value | Maturity Date | Current Rate | Total Return | Investment Income | | |
|-------|--------------|------|------------------|--------------------------|------------------------------|-----------------------|-----------------------|---------------|--------------|-------------------|---------------------|-----------------------|
| | | | | | | | | | | Interest Earned | Adjustment in Value | Net Investment Income |
| | | | Total | 227,743,755.39 | 212,920,968.18 | 188,524,000.67 | | | 1.046 | 562,923.75 | -1,586.67 | 561,337.08 |
| | | | | | | | Components of Return: | Interest: | 1.049 | | | |
| | | | | | | | | Amortization: | -0.003 | | | |
| | | | | | | | | Market Value: | | | | |



City_of_El_Paso_2004
Texas Compliance Summary
Sorted by Investment Type
March 1, 2004 - May 31, 2004

City of El Paso

Investment Type

| | | Par Value | Market Value | Book Value | Accrued Interest |
|----------------------------------|----------------------------|----------------|----------------|----------------|------------------|
| <hr/> | | | | | |
| Investment Pools | | | | | |
| | Value beginning 03/01/2004 | 217,730,169.04 | 217,730,169.04 | 217,730,169.04 | 4,918,919.35 |
| | Net Change | -36,718,168.05 | -36,718,168.05 | -36,718,168.05 | -4,344.05 |
| | Value ending 05/31/2004 | 181,012,000.99 | 181,012,000.99 | 181,012,000.99 | 4,914,575.30 |
| <hr/> | | | | | |
| Federal Agency Coupon Securities | | | | | |
| | Value beginning 03/01/2004 | 7,500,000.00 | 7,538,275.00 | 7,516,335.66 | 34,861.81 |
| | Net Change | 0.00 | 0.00 | -4,335.98 | -9,473.61 |
| | Value ending 05/31/2004 | 7,500,000.00 | 7,538,275.00 | 7,511,999.68 | 25,388.20 |
| <hr/> | | | | | |
| Federal Agency Discount Note | | | | | |
| | Value beginning 03/01/2004 | 2,500,000.00 | 2,497,500.00 | 2,497,250.69 | 0.00 |
| | Net Change | -2,500,000.00 | -2,497,500.00 | -2,497,250.69 | 0.00 |
| | Value ending 05/31/2004 | 0.00 | 0.00 | 0.00 | 0.00 |
| <hr/> | | | | | |
| Total | | | | | |
| | Value beginning 03/01/2004 | 227,730,169.04 | 227,765,944.04 | 227,743,755.39 | 4,953,781.16 |
| | Net Change | -39,218,168.05 | -39,215,668.05 | -39,219,754.72 | -13,817.66 |
| | Value ending 05/31/2004 | 188,512,000.99 | 188,550,275.99 | 188,524,000.67 | 4,939,963.50 |



City_of_El_Paso_2004
Texas Compliance Details
Sorted by Investment Type
May 31, 2004

City of El Paso

| CUSIP | Investment # | Fund | Issuer | Investment Class | Par Value | Maturity Date | Call Date | Current Rate | Market Price | Market Date | Market Value | Book Value |
|----------------------------------|--------------|------|--------------------------------|------------------|----------------|---------------|-----------|--------------|--------------|-------------|----------------|----------------|
| Investment Pools | | | | | | | | | | | | |
| 746000749 | 5010000007 | 01 | Logic Investment Pool | Amort | 268,034.28 | | | 0.999 | 100.000 | 08/31/1999 | 268,034.28 | 268,034.28 |
| 071031111000 | 5020000007 | 01 | TEXPOOL Investment Pool | Amort | 1,506,000.70 | | | 1.017 | 100.000 | 05/31/2000 | 1,506,000.70 | 1,506,000.70 |
| 332150 | 5060000008 | 02 | Vista Investment Pool | Amort | 3,236,897.81 | | | 0.832 | 100.000 | 05/31/2000 | 3,236,897.81 | 3,236,897.81 |
| 746000749 | 5030000007 | 01 | Texstar | Amort | 107,802,013.55 | | | 1.026 | 100.000 | 02/29/2004 | 107,802,013.55 | 107,802,013.55 |
| TX0103050001 | 5010000007 | 01 | MUNICIPAL INVESTORS SVC CORP. | Amort | 68,199,054.65 | | | 1.037 | 100.000 | 01/31/2004 | 68,199,054.65 | 68,199,054.65 |
| | | | | Subtotal | 181,012,000.99 | | | | | | 181,012,000.99 | 181,012,000.99 |
| Federal Agency Coupon Securities | | | | | | | | | | | | |
| 31359MQJ5 | 515000041 | 01 | Federal National Mortgage Assn | Amort | 2,500,000.00 | 12/15/2004 | | 1.865 | 100.531 | 02/29/2004 | 2,513,275.00 | 2,505,914.92 |
| 3134A4TR5 | 515000039 | 01 | Federal Home Loan Bank | Amort | 5,000,000.00 | 05/15/2005 | | 1.750 | 100.500 | 02/29/2004 | 5,025,000.00 | 5,006,034.76 |
| | | | | Subtotal | 7,500,000.00 | | | | | | 7,538,275.00 | 7,511,949.68 |
| | | | | Total | 188,512,000.99 | | | | | | 188,550,275.99 | 188,524,000.67 |